Exhibit "B"

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

JAMES QUINN, Derivatively on Behalf of Nominal Defendant APPLE REIT TEN, INC., Plaintiff, v. GLADE M. KNIGHT, JUSTIN KNIGHT, KENT W. COLTON, R. GARNETT HALL, JR., DAVID J. ADAMS, ANTHONY F. KEATING III, DAVID BUCKLEY, KRISTIAN GATHRIGHT, DAVID MCKENNEY, BRYAN PEERY, and APPLE HOSPITALITY REIT, INC., Defendants, and APPLE REIT TEN, INC., Nominal Defendant.	Case No. 3:16-cv-00610-JAG

NOTICE OF PENDENCY AND SETTLEMENT OF DERIVATIVE ACTION

TO: ALL FORMER BENEFICIAL SHAREHOLDERS AND SHAREHOLDERS OF RECORD OF APPLE REIT TEN, INC. ("APPLE TEN" OR THE "COMPANY") COMMON SHARES AS OF SEPTEMBER 1, 2016 ("APPLE TEN SHAREHOLDERS").

THIS NOTICE WAS SENT TO YOU BY ORDER OF THE COURT. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS DERIVATIVE ACTION. IF YOU ARE AN APPLE TEN SHAREHOLDER, YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION, AND THIS NOTICE CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT DESCRIBED BELOW.

IF YOU HELD COMMON SHARES OF APPLE TEN FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO THE BENEFICIAL OWNER.

This Notice is not a lawsuit against you. You are not being sued. You have received this Notice because you may be a member of the settlement described in this Notice.

I. WHY AM I RECEIVING THIS NOTICE

This Notice of Pendency and Settlement of Derivative Action (the "Notice") is given pursuant to an order of the United States District Court for the Eastern District of Virginia, Richmond Division (the "Court") entered in the above-captioned action (the "Action") on ______________, 2016 (the "Preliminary Approval Order"). The terms and conditions of the settlement (the "Settlement") are embodied in a Stipulation of Settlement (the "Stipulation") entered into on November 28, 2016 by and between: (i) James Quinn (the "Plaintiff"), on behalf of himself and derivatively on behalf of Nominal Defendant Apple Ten, by and through his counsel of record ("Plaintiff's Counsel"), and (ii) Defendants Glade Knight, Justin Knight, Kent Colton, R. Garnett Hall, David Adams, Anthony Keating, David Buckley, Kristian Gathright, David McKenney, Bryan Peery (collectively, the "Individual Defendants"), Apple Hospitality REIT, Inc. ("Apple Hospitality"), and Apple Ten, by and through their counsel of record (together with the Individual Defendants, the "Defendants" and together with the Plaintiff, the "Parties"). A link to this Notice and Stipulation may be found at www.strategicclaims.net/AppleReitTen.

On ____________________, 2017 at ____ _.m. the Court will hold a hearing (the "Settlement Hearing"), located at 701 East Broad Street, Richmond, VA 23219 to: (i) determine whether the Court should grant final approval of the proposed Settlement on the terms and conditions provided for in the Stipulation as fair, reasonable and adequate; (ii) determine whether judgment should be entered pursuant to the Stipulation, *inter alia*, dismissing the Action with prejudice; (iii) consider Plaintiff's Counsel's application for an award of attorneys' fees and expenses (the "Fee and Expense Application"); (iv) consider Plaintiff's application for a Case

Contribution Award (defined below); and (v) hear and determine other matters relating to the proposed Settlement.

This Notice describes the rights that you may have pursuant to the Settlement and what steps you may take, but are not required to take, in relation to the Settlement.

If the Court approves the Settlement, the Parties will ask the Court at the Settlement Hearing to enter a final order and judgment dismissing the Action with prejudice on the merits as to all Defendants and releasing claims in accordance with the terms of the Stipulation (the "Final Order and Judgment").

The Court has reserved the right to adjourn the Settlement Hearing, or any portion thereof, without further notice to Apple Ten Shareholders other than by announcement at the Settlement Hearing or any adjournment thereof. The Court has further reserved the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the Parties and without further notice to Apple Ten Shareholders.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON THE STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

II. HISTORY AND BACKGROUND OF THE LITIGATION AND SETTLEMENT

On April 14, 2016, Apple Ten announced that it had entered into an agreement and plan of merger (the "Merger Agreement") with Apple Hospitality, pursuant to which Apple Ten would merge into a wholly-owned subsidiary of Apple Hospitality (the "Merger"). On June 22, 2016, Plaintiff James Quinn, an Apple Ten shareholder, served the Board of Directors of Apple Ten (the "Board") with a letter pursuant to Va. Code § 13.1–672.1(B) demanding that the Board take action to remedy alleged breaches of fiduciary duty and other violations of law by the directors and officers of Apple Ten in connection with the Merger.

Shortly thereafter, on July 19, 2016, Plaintiff filed with the Court a Verified Shareholder Derivative Complaint (the "Complaint"). The Complaint asserted derivative claims for: (1) breach of fiduciary duty of loyalty and good faith against Glade Knight, Kent Colton, David Adams, R. Garnett Hall, and Anthony Keating (the "Director Defendants"); and (2) aiding and abetting breaches of fiduciary duty against Justin Knight, David Buckley, Bryan Peery, Kristian Gathright, and David McKenney (the "Executive Defendants").

On July 21, 2016, Plaintiff filed a Motion for Expedited Proceedings and Memorandum in Support thereof seeking to obtain discovery on an expedited basis in advance of Plaintiff's then-forthcoming motion for a preliminary injunction (the "P.I. Motion") to enjoin the special meeting of Apple Ten shareholders scheduled for August 31, 2016. Concurrently, on July 21, 2016, Plaintiff served his First Request for Production of Documents on Defendants seeking, *inter alia*, certain documents and information relating to the Merger. During the next several days, Plaintiff's Counsel and counsel for Defendants met and conferred multiple times and worked diligently toward an agreement on the discovery that would be taken on an expedited timeframe, including the production of documents and depositions to be taken in advance of the filing of Plaintiff's P.I. Motion.

As a result of those discussions, on July 27, 2016, Defendants began a rolling production of documents to Plaintiff, and Plaintiff's Counsel took the depositions of: (1) Kent Colton on August 8, 2016 in Tysons Corner, Virginia; (2) Glade Knight on August 9, 2016 in Richmond, Virginia; and (3) Justin Knight on August 12, 2016 in Richmond, Virginia. In addition, on July 26, 2016, Plaintiff served Citigroup Global Markets, Inc. ("Citi"), Apple Ten's financial advisor, with a subpoena *duces tecum* and *ad testificandum* and, after extensive discussions with Citi's counsel, Citi produced responsive documents on a rolling basis beginning on August 7, 2016.

On August 11, 2016 Plaintiff's Counsel took the deposition of Jens Thomas Jung, a representative of Citi, in New York City, New York. In total, Defendants and Citi produced, and Plaintiff's Counsel reviewed, over 84,000 pages of confidential, non-public documents in advance of filing the P.I. Motion.

While Plaintiff was negotiating and conducting discovery on an expedited basis, on July 25, 2016, the Court ordered the Parties to attend a settlement conference with the Honorable Magistrate Judge David J. Novak ("Judge Novak"), and a mediation was scheduled for August 4, 2016. In advance of the mediation, on July 28, 2016, Plaintiff sent to Judge Novak his confidential mediation statement, and, on the next day, supplemented his mediation statement with additional information and analysis performed by Plaintiff's damages expert. On August 4, 2016, a settlement conference was held with Judge Novak, attended by Plaintiff, Plaintiff's Counsel and counsel for Defendants. No resolution was reached at its conclusion.

The day after the mediation, August 5, 2016, the Court held a teleconference to hear argument on Plaintiff's Motion for Expedited Proceedings as the Parties were unable to reach an agreement on a hearing date or briefing schedule for Plaintiff's P.I. Motion. After the conference, the Court issued an order setting the briefing schedule and a hearing date of August 26, 2016 for Plaintiff's P.I. Motion. On that same day, Defendants filed a Motion to Dismiss Pursuant to Federal Rule of Civil Procedure 23.1, and, concurrently therewith, filed a Motion to Expedite the briefing schedule on their Motion to Dismiss. Three days later, on August 8, 2016, Defendants filed a Motion to Compel Discovery, demanding that Plaintiff make himself available for a deposition no later than August 12, 2016. The Court denied Defendants' Motion to Expedite and ordered the Parties to agree upon a date for Plaintiff's deposition. As a result of those discussions, on August 19, 2016, Defendants took the deposition of Plaintiff James Quinn in Washington, D.C.

On August 13, 2016, Plaintiff filed his P.I. Motion, Memorandum in Support and the Declaration of Garrett Wilson. The Parties fully briefed the P.I. Motion, with Defendants filing their opposition brief on August 20, 2016, and Plaintiff filing his reply brief on August 24, 2016. In addition, the Parties fully briefed Defendant's Motion to Dismiss Pursuant to FRCP 23.1 in advance of the preliminary injunction hearing with Plaintiff filing his opposition brief on August 19, 2016 and Defendants filing their reply brief on August 24, 2016.

On August 26, 2016, the Court held a hearing on Plaintiff's P.I. Motion. After hearing argument and testimony, the Court entered an order denying the P.I. Motion and ordering a conference call to be held on August 31, 2016 to set a trial date and schedule. On August 30, 2016, counsel for Plaintiff and Defendants met and conferred on a proposed trial schedule. On August 31, 2016, the Court held a teleconference with the Parties and entered the Initial Pretrial Order and scheduled a trial to begin on November 14, 2016.

Throughout the month of September through early October 2016, the Parties engaged in extensive discovery. For example, on September 1, 2016, Plaintiff served interrogatories and a second request for production of documents on various Defendants and served subpoenas *duces tecum* and *ad testificandum* on Robert W. Baird & Co., David Lerner Associates, Inc., and Wells Fargo Securities, LLC ("Wells Fargo"). On September 2, 2016, certain Defendants served interrogatories, document requests, and requests for admission on Plaintiff. After Defendants and Plaintiff served their respective discovery responses, the Parties engaged in multiple meet and confer sessions which resulted in the Parties serving supplemental discovery responses and Defendants produced additional documents which had been withheld on various grounds. On

September 9, 2016, Defendants filed their Answers to the Complaint. During fact discovery, Plaintiff's Counsel took the depositions of: (1) Defendant Garnett Hall, Jr. on September 23, 2016 in Richmond, Virginia; (2) Defendant David Adams on September 28, 2016 in Richmond, Virginia; (3) Glenn W. Bunting on October 11, 2016 in Richmond, Virginia; (4) Defendant Bryan Peery on October 12, 2016, in Richmond, Virginia; and (5) David Kieske, a representative of Apple Hospitality's financial advisor, Wells Fargo, on October 12, 2016, in New York City, New York. On September 23, 2016, Plaintiff made a production of documents to Defendants in response to their discovery requests. Pursuant to the Court's Initial Pretrial Order, fact discovery closed on October 11, 2016. In total, Defendants and third parties produced (and Plaintiff's Counsel reviewed) over 14,398 documents, totaling over 154,324 pages.

During October 2016, the Parties engaged in extensive expert discovery. For example, on October 4, 2016, Plaintiff served on Defendants the expert report of Guhan Subramanian, and on October 10, 2016, Defendants' Counsel took his deposition in Boston, Massachusetts. On October 14, 2016, Plaintiff served on Defendants the expert report of Chad Coffman, and Defendants' Counsel took his deposition on October 20, 2016 in Radnor, Pennsylvania. Also on October 14, 2016, Defendants served on Plaintiff the expert report of William Rakes, and Plaintiff's Counsel took his deposition on October 19, 2016 in Roanoke, Virginia. Last, on October 18, 2016, Defendants served on Plaintiff the rebuttal expert report of James Gavin, and Plaintiff's Counsel took his deposition on October 21, 2016 in Washington, D.C.

While the Parties were conducting fact and expert discovery, they filed and briefed several motions. For example, on September 7, 2016, Apple Ten and the Director Defendants filed a Motion to Dismiss for Lack of Standing and Failure to State a Claim and Memorandum in Support thereof. Also on September 7, 2016, Apple Hospitality and the Executive Defendants filed a Motion to Dismiss for Failure to State a Claim and Memorandum in Support thereof. On September 21, 2016, Plaintiff filed an Omnibus Memorandum of Law in Opposition to Defendants' Motions to Dismiss for failure to state a claim. On September 26, 2016, Apple Ten and the Director Defendants filed a Reply in Support of their Motion to Dismiss for Lack of Standing and Failure to State a Claim. Also on September 26, 2016, Apple Hospitality and the Executive Defendants filed a Reply Memorandum in Support of their Motion to Dismiss for Failure to State a Claim. On October 14, 2016, the Court entered an Order denying all three of Defendants' Motions to Dismiss and, on November 1, 2016, the Court issued its opinion denying Defendants' three Motions to Dismiss.

In addition, on October, 14, 2016, Plaintiff filed a Motion for Leave to File an Amended Complaint and a Memorandum in Support thereof and attached thereto a Proposed Amended Complaint, which added a derivative claim for violation of Virginia Code § 13.1-691. After meeting and conferring with Defendants on that motion, on October 19, 2016, Plaintiff withdrew his Motion for Leave to File an Amended Complaint and filed a new Motion for Leave to File an Amended Complaint and a Memorandum in Support. On October 20, 2016, the Court issued an order directing Defendants to respond to Plaintiff's Motion for Leave to File an Amended Complaint no later than October 24, 2016 which Defendants filed on that day. On October 25, 2016, Plaintiff filed a Reply Memorandum in Further Support of his Motion for Leave to Amend the Complaint. On October 26, 2016, the Court entered an order denying Plaintiff's Motion for Leave to Amend Complaint.

During mid-October, the Parties began to meet and confer about documents Defendants withheld on the basis of attorney-client privilege as described on Apple Ten and Apple Hospitality's respective privilege logs. On October 28, 2016, after failing to reach a resolution, Plaintiff filed a Motion to Compel the Production of Documents Improperly Withheld under Attorney-Client Privilege and Supporting Documents along with an under seal Memorandum of Law in Support. Concurrently therewith, Plaintiff filed a Motion for Expedited Proceedings Concerning Plaintiff's Motion to Compel. On November 1, 2016, the Court requested that Defendants provide copies to the Court of the documents subject to Plaintiff's Motion to Compel for *in camera* review and set a hearing for November 2, 2016. On November 2, 2016, the Court held a hearing on Plaintiff's Motion to Compel and, at its conclusion, ordered Defendants to submit any written response(s) by the next day, November 3, 2016.

On October 28, 2016, all motions for summary judgment and motions *in limine* were due pursuant to the Court's Initial Pretrial Order. Both the Director Defendants and the Executive Defendants (the latter joined by Apple Hospitality) filed separate Motions for Summary Judgment and Memoranda of Law in Support. Defendants also filed a Motion in Limine and Memorandum in Support to prevent Plaintiff from offering evidence or argument at trial regarding: (1) director fees paid to any Defendant by Apple Ten or any other Glade Knight-founded or controlled entity; (2) prior litigation and investigations involving Defendants, including *DCG&T v. Knight*, 3:13-cv-0067-JAG (E.D. Va.) and the Securities and Exchange Commission's ("SEC") February 12, 2014 Order Instituting Cease-and-Desist Proceedings, as well as the investigation leading up to that order; (3) compensation paid to Glade Knight in connection with prior mergers or acquisitions of Apple entities and other business endeavors that are unrelated to the merger of Apple Ten and Apple Hospitality; (4) facts or circumstances that go beyond "the procedural indicia whether the directors reported in good faith to an informed decision-making process"; (5) McGuireWoods' representation of Apple Ten and other Apple entities prior to the firm's engagement by the Special Committee in connection with the Merger;

and (6) the existence of insurance and indemnification obligations that might be called upon to fund or finance any judgment against the Defendants. On October 28, 2016, Defendants also filed Motions and Memoranda to Exclude the Testimony and Opinions of Plaintiff's expert witnesses Chad W. Coffman and Guhan Subramanian.

Also on October 28, 2016, Plaintiff filed two Motions in Limine and Memoranda in Support to prevent Defendants from offering evidence or argument at trial regarding: (1) Plaintiff's standing, adequacy, and ownership of Apple Hospitality stock; and (2) the SEC's endorsement or approval of the proxy statements in connection with the Merger. Plaintiff also filed a Motion and Memorandum in Support to Exclude the Testimony and Opinions of Defendants' expert witness William R. Rakes.

On October 31, 2016, Plaintiff filed with the Court a copy of his witness list and his initial exhibit list. On that same day, the Parties met and conferred regarding a stipulation of uncontested facts and Plaintiff's Counsel provided Defendants with a draft stipulation of facts for Defendants to review in advance thereof.

On November 2, 2016, the Parties participated in an all-day mediation session with Judge Novak. In advance of the mediation, on October 26, 2016, the Parties submitted supplemental mediation statements to Judge Novak. At the conclusion of the mediation session, Judge Novak made a proposal to resolve the Action, which the Parties separately accepted and executed a Memorandum of Understanding memorializing the material terms of settlement, subject to the negotiation and execution of the settlement documents.

III. THE PROPOSED SETTLEMENT

In consideration for the Settlement and dismissal with prejudice of the Action and the releases provided herein, Defendants shall pay $32,000,000.00 (Thirty-Two Million Dollars) (the "Settlement Amount") for the benefit of the Settlement Members as provided in the Stipulation.

Excluded from the Settlement Members are Defendants, all current and former officers and directors of Apple Ten or any other Apple REIT entity (including any Apple REIT advisor) and any person, firm, trust, corporation, or other entity related to, or affiliated with the current and former directors and officers of Apple Ten or any other Apple REIT entity (including any Apple REIT advisor). The Parties agree that the Settlement confers substantial benefits upon Apple Ten and Apple Ten's shareholders and that the Settlement is in the best interests of Apple Ten.

A. How Much Am I Going to Get?

At this time it is still premature to determine the exact amount that each Settlement Member will receive as a result of the Settlement. However, the amount will be determined as follows:

1. After entry of the Final Order and Judgment, the entity approved by the Court to administer the Settlement (the "Claims Administrator") will mail within ten (10) business days a letter to each Settlement Member with a valid address detailing his or her number of Apple Ten common shares held as of September 1, 2016 as provided by Defendants. This letter will also include the estimated payment amount for each Settlement Member as calculated by Plaintiff's Counsel and the Claims Administrator based on the approved Plan of Distribution. Settlement Members will have sixty (60) days to contact the Claims Administrator if there is disagreement on the number of Apple Ten common shares held as of September 1, 2016. Discrepancies, if any, will be reviewed and resolved by Plaintiff's Counsel and the Claims Administrator.

2. **Proposed Plan of Distribution.** Authorized Claimants shall be paid proportionate shares of the Settlement Amount (plus any interest earned thereon) after removal of (i) any Fee and Expense Award to Plaintiff's Counsel; (ii) any Case Contribution Award to Plaintiff (iii) certain costs associated with the administration of the Settlement ("Notice and Administration Expenses"); (iv) taxes; and (v) other fees and expenses authorized by the Court

(the "Net Settlement Fund"). Each Authorized Claimant's proportionate share of the Net Settlement Fund shall be paid based on the percentage of the Net Settlement Fund that each Authorized Claimant's number of Apple Ten common shares held as of September 1, 2016 bears to the total number of Apple Ten common shares held as of September 1, 2016 by all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants.

3. Once all discrepancies, if any, are resolved, the Claims Administrator will calculate each Authorized Claimant's *pro rata* share of the Net Settlement Fund based on the approved Plan of Distribution.

4. Any Authorized Claimant who does not cash his or her distribution check within sixty (60) days of issuance will, at a minimum, be sent a reminder notice to either cash his or her distribution check or request the Claims Administrator to re-issue another check.

5. If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants; (ii) second, to pay any additional Notice and Administration Expenses incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least $10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If

six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-sectarian, not-for-profit charitable organization(s) serving the public interest, designated by Plaintiff's Counsel.

6. Plaintiff's Counsel, or their authorized agents (including the Claims Administrator), acting on behalf of the Settlement Members and Apple Ten Shareholders, and subject to the terms of the Stipulation and Plan of Distribution, and such supervision and direction by the Court as may be necessary or required by the circumstances, shall administer and calculate the amount of the Net Settlement Fund due to the Settlement Members and, after the Effective Date (as defined below), shall oversee distribution of the Net Settlement Fund to the Authorized Claimants.

7. After the occurrence of the Effective Date (as defined below) and in accordance with the terms of the Stipulation, the Plan of Distribution, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the Plan of Distribution set forth in the Notice, or such other plan or formula for allocating the Net Settlement Fund as approved by the Court. Distribution checks will be void after one hundred and twenty (120) days after issuance. The minimum distribution check amount to an Authorized Claimant will be $10.00.

8. For purposes of determining the extent, if any, to which a Settlement Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(1) each Settlement Member will have a valid and verified mailing address; (2) each Settlement Member will receive a distribution checks of at least $10.00; and (3) each Settlement Member will agree with Defendants' records on the number of Apple Ten common shares held as of September 1, 2016.

IV. REASONS FOR THE SETTLEMENT

The Parties have determined that it is desirable and beneficial that the Action, and all of their disputes related thereto, be fully and finally settled in the manner and upon the terms and the Stipulation and the Parties believe that the Settlement is in the best interests of Apple Ten and its shareholders.

A. Why Did the Defendants Agree to Settle?

Each of the Defendants has denied and continues to deny each and all of the claims and contentions that Plaintiff has alleged. Each of the Defendants expressly has denied and continues to deny all charges of wrongdoing or liability against him, her, or it arising out of any of the conduct, statements, acts or omissions alleged in the Action. Each of the Individual Defendants also has denied and continues to deny, inter alia, each and every allegation that they breached their fiduciary duties to Apple Ten or Apple Ten's shareholders, or aided and abetted any such breach. Each of the Defendants further has asserted and continues to assert that at all material times, he, she, or it acted in good faith and in a manner he, she, or it reasonably believed to be in the best interests of Apple Ten and Apple Ten shareholders.

Nonetheless, each Defendant has concluded that the further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation in order to limit further expense, inconvenience, and distraction, to dispose of burdensome and protracted litigation, and without further expensive litigation and the distraction and diversion of executive personnel with respect to matters at issue in the Action. Defendants have therefore determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants and Apple Ten believe that the settlement set forth in this Stipulation confers substantial benefits upon Apple Ten and Apple Ten's shareholders and that the settlement is in the best interests of Apple Ten.

B. Why did Plaintiff Agree to Settle?

Plaintiff believes that the claims asserted in the Action have merit. Plaintiff and Plaintiff's Counsel, however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Defendants through trial and appeals. Plaintiff and Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex derivative actions such as this Action, as well as the difficulties and delays inherent in such litigation. Plaintiff and Plaintiff's Counsel are also mindful of the inherent problems of proof and possible defenses to the violations asserted in the Complaint, including the defenses that the Defendants asserted both orally in discussions with counsel and in papers filed in the Action.

In light of the foregoing and based on Plaintiff's Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiff and Plaintiff's Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon the Settlement Members, Apple Ten, and its shareholders.

V. FINAL ORDER AND JUDGMENT

At the Settlement Hearing, the Parties will ask the Court to enter a Final Order and Judgment, which will, among other things:

1. approve the Settlement pursuant to Rule 23.1(c) of the Federal Rules of Civil

Procedure;

2. authorize and direct performance of the Settlement in accordance with its terms and conditions and reserve jurisdiction to supervise the consummation of the Settlement;
3. grant the releases described more fully below in accordance with the terms of the Stipulation;
4. permanently bar and enjoin the Plaintiff, Apple Ten Shareholders (solely in their capacity as Apple Ten shareholders) from asserting, commencing, prosecuting or continuing, either directly, indirectly, derivatively, individually, collectively, representatively, or in any other capacity, any of the Released Claims (as defined below) as against any and all Released Parties (as defined below);
5. dismiss the Action with prejudice;
6. approve Plaintiff's Counsel's application for an award of attorneys' fees and expenses; and
7. reserve jurisdiction over all matters relating to the administration and effectuation of the Settlement.

In the event that the Court does not enter the Final Order and Judgment approving the Settlement for any reason whatsoever, or if that Judgment is modified, vacated, or reversed on appeal, then the Settlement shall be null and void. The full and complete description of the terms and conditions of the Settlement may be found in the Stipulation, which is on file with the Court.

VI. RELEASES

The Stipulation provides that, as of the first day following the date when the Court has entered the Preliminary Approval Order, entered the Final Order and Judgment, the Judgment has become Final, and the Settlement Amount shall have been paid (the "Effective Date"), Apple

Ten, Plaintiff (acting on his own behalf and derivatively on behalf of Apple Ten), and each of Apple Ten's Shareholders (solely in their capacity as Apple Ten's shareholders) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Claims[1] against the Released Persons[2] and any and all claims arising out of, relating to, or in connection with, the defense, settlement or resolution of the Action against the Released Persons. Apple Ten, Plaintiff (acting on his own behalf and derivatively on behalf of Apple Ten) and each of Apple Ten's Shareholders (solely in their capacity as Apple Ten's shareholders) shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue any Released Person with respect to such Released Claims, and shall be permanently barred and enjoined from instituting, commencing or prosecuting the Released Claims against the Released Persons except to enforce the releases and other terms and conditions contained in the Stipulation and/or Judgment entered pursuant thereto.

Upon the Effective Date, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of Apple Ten, Plaintiff, Plaintiff's Related Persons and Plaintiff's

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[1] "Released Claims" means and includes any and all claims, causes of action, debts, demands, rights or liabilities whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, including both known claims and any Unknown Claims (defined in the Stipulation at Section V.A.31.) that have been, or could have been asserted in the Action by Plaintiff, Apple Ten, or any Apple Ten Shareholder derivatively on behalf of Apple Ten against any of the Released Persons that are based upon or related to: (i) the allegations, transactions, facts, matters, or occurrences, representations, or omissions involved, set forth, or referred to in the Complaint; and/or (ii) the settlement of the Action, including the payment provided for in the Stipulation, except claims to enforce any of the terms of the Stipulation.

[2] "Released Persons" shall mean and include (i) each of the Individual Defendants; (ii) Apple Ten; (iii) any Apple Ten shareholder, derivatively on behalf of Apple Ten; (iv) Apple Hospitality, and (v) each and all of their Related Persons. "Related Persons" is defined in the Stipulation at Section V.A.24.

Counsel from all claims (including Unknown Claims) arising out of, relating to, or in connection with, the institution, prosecution, assertion, settlement or resolution of the Action or the Released Claims.

VII. PLAINTIFF'S COUNSEL'S APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

Plaintiff's Counsel have neither received any payment for their services in prosecuting the Action on behalf of Plaintiff and Apple Ten, nor been paid for their litigation expenses incurred to date. Plaintiff's Counsel intend to apply to the Court for an award of attorneys' fees for their role in the prosecution and settlement of the Action of one-third (1/3) of the Settlement Amount plus reimbursement of expenses, and Defendants will not oppose or object to the Fee and Expense Application.

Neither you nor any other Settlement Member will be personally liable for the Fee and Expense Award as defined in the Stipulation at Section V.A.11. The Fee and Expense Award approved by the Court will be the only payment to Plaintiff's Counsel to compensate them for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis.

VIII. PLAINTIFF'S CASE CONTRIBUTION AWARD

In light of the substantial benefit Plaintiff has helped to create for Apple Ten and its shareholders, Plaintiff may apply for a Court-approved case contribution award in the amount of $15,000 (the "Case Contribution Award"). The Case Contribution Award shall be funded from the Gross Settlement Fund, to the extent that this settlement is approved in whole or part.

IX. THE SETTLEMENT HEARING

The Settlement Hearing will be held on _________, 2016/2017 at ___:00 __.m., before the Honorable John Gibney, Jr., at the Spottswood W. Robinson III and Robert R. Merhige, Jr., Federal Courthouse, 701 East Broad Street, Richmond, VA 23219.

Pending determination of whether the Settlement should be approved, no Apple Ten shareholder, either directly, representatively, derivatively or in any other capacity, shall commence or prosecute against any of the Released Persons, any action or proceeding in any court, administrative agency or other tribunal asserting any of the Released Claims.

X. YOUR RIGHT TO ATTEND THE SETTLEMENT HEARING

Any Apple Ten Shareholder may, but is not required to, appear in person at the Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The Court has the right to change the hearing date or time without further notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the Court. Apple Ten Shareholders who have no objection to the Settlement do not need to appear at the Settlement Hearing or take any other action.

XI. RIGHT TO OBJECT TO THE PROPOSED SETTLEMENT AND PROCEDURES FOR DOING SO

Any Apple Ten Shareholder may appear and show cause, if he, she or it has any reason why the Settlement of the Action should not be approved as fair, reasonable and adequate, or why a judgment should not be entered thereon, or why the Fee and Expense Application should not be approved or why the Case Contribution Award should not be approved. You must object in writing, and you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow these procedures.

A. You Must Make Detailed Objections in Writing and Include the Following:

1. Your name, legal address and telephone number:
2. The case name and number (*James Quinn v. Glade M. Knight, et al.*, 3:16-cv-00610-JAG);
3. Proof of being an Apple Ten Shareholder;
4. The date(s) you acquired your Apple Ten shares;
5. A statement of each objection being made;
6. Notice of whether you intend to appear at the Settlement Hearing. You are not required to appear; and
7. Copies of any papers you intend to submit to the Court, along with the names of any witness(es) you intend to call to testify at the Settlement Hearing and the subject(s) of their testimony.

The Court may not consider any objection that does not substantially comply with these requirements.

B. You Must Timely Deliver Written Objections to the Court

All written objections and supporting papers must be submitted to the Court and Counsel either by mailing them to:

Clerk of Court
United States District Court
Eastern District of Virginia
Spottswood W. Robinson III and Robert R. Merhige, Jr., Federal Courthouse
701 East Broad Street,
Richmond, VA 23219

OR by filing them in person at any location of the United States District Court for the Eastern District of Virginia.

All written objections and supporting papers must also be sent to:

KESSLER TOPAZ MELTZER & CHECK, LLP
Robin Winchester Esq.
280 King of Prussia Road
Radnor, Pennsylvania 19087
Telephone: (610) 667-7706
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Attorneys for Defendants

YOUR WRITTEN OBJECTIONS MUST BE DELIVERED BY OR ON FILE WITH THE CLERK OF COURT NO LATER THAN ___________________.

Any Apple Ten Shareholder who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection (including any right of appeal) and shall forever be foreclosed from making any such objection, including any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Stipulation, unless otherwise ordered by the Court.

XII. EXAMINATION OF PAPERS

This Notice is not all-inclusive. The references in this Notice to the pleadings in this Action, the Stipulation and other papers and proceedings are only summaries and do not purport to be comprehensive. For the full details of the Action, the claims that have been asserted, and the terms and conditions of the Settlement, you may refer to the Stipulation and the other papers on file with the Court in the Action. You or your attorney may examine the Court's files during regular business hours of each business day at the office of the Clerk of the United States District Court for the Eastern District of Virginia, Richmond Division, at the Spottswood W. Robinson

III and Robert R. Merhige, Jr., Federal Courthouse, 701 East Broad Street, Richmond, VA 23219.

IF YOU HAVE ANY QUESTIONS, PLEASE MAKE ALL INQUIRIES TO:

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PLEASE DO NOT CONTACT THE COURT DIRECTLY

Dated: ___________________________

DISTRIBUTED BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION